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**BAY-HOUSTON TOWING CO.**  
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Docket Management Facility  
U. S. Dept. of Transportation  
400 Seventh St. SW  
Washington, DC 20590-0001

Comments on NPRM concerning Lease Financing - USCG-2003-14472 -18

Bay Houston Towing Co. owns and markets harbor tugs in the ports of Houston, Galveston, Texas City, Freeport, and Corpus Christi. Our fleet employs about 300 people in Texas. We have made an enormous investment in new vessels over the past few years. Since 1990, we have added 9 new tugboats to a fleet of 26 tugs. Our fleet is the youngest fleet of any major harbor tug company on the East and Gulf Coasts of the United States. We could not have made that investment without the protections offered by the Jones Act, and consider its integrity to be paramount to our company and industry.

We would like to thank the U.S. Coast Guard and the Maritime Administration for the opportunity to comment on the proposed rulemaking. We appreciate the Coast Guard's final rule of Feb. 4, but would like to ensure that all loopholes are closed, not merely narrowed.

Bay Houston Towing Co. supports the more detailed comments made by the American Waterways Operators and the Maritime Cabotage Task Force, and as such will keep our comments more general.

We urge the adoption of Alternative 2 prohibiting charter-back arrangements, except in very narrow circumstances. We urge MARAD to review charter-back arrangements for the carriage of proprietary cargo to insure that such charters capture the intent of Congress.

We urge the Coast Guard and MARAD establish a three-year limit on the grandfather provisions of the lease financing.

Lastly, we urge that the Coast Guard has access to, and utilizes, outside expertise to evaluate and audit applications for documentation covered by this rulemaking.

HOUSTON

GALVESTON

CORPUS CHRISTI

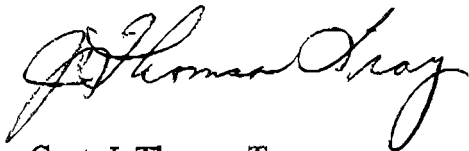
FREEPORT

PORT ARANSAS

"TOWING AT ITS BEST"

DEPT. OF TRANSPORTATION  
DOCKETS  
2004 MAY -3 A 9 10

We appreciate the efforts of the Coast Guard and MARAD towards closing the loopholes in the Jones Act that have arisen from the Lease Financing provisions. We again ask that you take prompt action to preserve the integrity of the Jones Act.

A handwritten signature in cursive script, appearing to read "J. Thomas Tray". The signature is fluid and stylized, with the first letters of the first and last names being capitalized and prominent.

Capt. J. Thomas Tray  
Vice President & General Manager